To: GVTA Board of Directors

From: Fred J. Cummings, Project Director – Golden Ears Bridge

Date: January 28, 2005

Subject: By-law for Assessing Tolls on the Golden Ears Bridge

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Staff Recommendation:
That the GVTA Board approves, in principle, the by-law for assessing tolls on the Golden Ears Bridge.

PURPOSE

The following highlights the proposed by-law for assessing tolls on the Golden Ears Bridge ("GEB"). Once enacted, the by-law will provide TransLink with an appropriate framework to govern the key aspects related to tolling the GEB. By approving the by-law in principle, the Board of Directors will:

- Communicate to the general public, as well as the various stakeholder groups, the principal components of GEB tolling, and TransLink's intended approach to governing toll rate setting and collection.

- Enable the GEB project team to continue finalizing the technical and operational requirements of the tolling solution – facilitating the development and issuance of a Request for Proposals ("RFP") for a billing organization to supply and manage GEB toll collection.

- Demonstrate TransLink's commitment to the GEB project.

It is currently anticipated that the by-law may be submitted for final approval by Mid-2006 once the billing organization has been selected – providing a more definitive indication of the technology solution and associated costs. At this point, however, the project team does not anticipate that material changes to the accompanying draft will be

required. In addition, an approval in principle of the by-law for assessing tolls for Golden Ears Bridge will allow project team to start the ratification process with GVRD staff. GVRD Board ratification of the by-law would occur after TransLink approves the by-law in mid-2006.

DISCUSSION

Background

On July 7, 2004, the Board of Directors formally approved the Toll Rate Regulatory Framework for the GEB. A number of events have transpired since that time, which has enabled the project team to further develop the by-law for assessing tolls for the GEB. Most notably:

- The Province of BC enacted clarifying amendments to the *Greater Vancouver Transportation Authority Act* (the "*GVTA Act*") on November 18, 2004, which among other things enables TransLink to collect tolls to finance the design, construction, and on-going operation and maintenance of the GEB.

- Continued discussions with ICBC to finalize a Memorandum of Understanding to formally articulate ICBC's involvement in assisting TransLink to collect toll revenues.

- A consultation program relating to the Toll Rate Regulatory Framework was completed between August and November, 2004.

- The business model for the GEB was finalized on October 6, 2004, and subsequently, three short-listed proponent teams were issued an RFP on January 14, 2005 to design, build, finance, maintain, rehabilitate and operate the GEB.

In light of these project milestones, the concepts first described in the Toll Rate Regulatory Framework have been refined and a draft by-law has been developed. The key elements of the by-law are described in this Board Report. For further detail, a copy of the proposed by-law, as well as a report summarizing the results of the consultation program, are provided as attachments.

Results of Consultation Program

The consultation program targeted key stakeholders , and the general public. The issues that were most commonly raised and the key themes that emerged include:

- Leakage of toll revenue from non-BC-registered vehicles due to the apparent challenges with enforcing and collecting from "out-of-province" users.

- Fairness in toll rates by distinguishing between small and large trucks.
- The need for payment methods other than direct billing – such as prepayment and cash lanes.
- The need for the transponder technology to be interoperable with other tolling systems – both those currently in use and those that may arise in the future.
- Toll devices should be free to subscribers; with no security deposit or monthly charge should be levied.
- The need for variable rates for peak hour versus non-peak hour users.
- The need for discounts for frequent users of the bridge.

To the extent possible and without jeopardizing the financial feasibility of the project, the feedback provided has been considered by the project team and is reflected in the by-law. Items not considered or included in the by-law are being addressed through other channels – including direct discussions with stakeholders, as well as the development of the underlying operational policies to support the implementation of the by-law.

It should also be noted that although it has not been included in the by-law, the ability to technically incorporate variable pricing, additional classifications, and exempt users (such as High Occupancy Vehicles ("HOV") possibly in the future) will be a functional requirement of the toll system and as such, will be specified in the RFP for the billing organization.

Administering and collecting tolls for the GEB

The by-law articulates the requirement for facility users to pay a toll in return for the "service" offered by the GEB. Moreover, the by-law has been drafted in a manner that enables TransLink to retain the flexibility to either charge and collect the tolls directly, or alternatively, engage the services of a billing organization to complete this work on TransLink's behalf.

User and vehicle class definition

As highlighted in the Toll Rate Regulatory Framework, users of the GEB will have the option of establishing an account. Those that do will be provided with a toll device – a device that is used to detect facility usage, so as to enable TransLink to apply the toll charge and streamline the billing process ("toll device users"). An automated video recognition system will identify vehicles without a toll device and will be employed to enable TransLink to calculate the requisite tolls for users who have not established an account ("non-toll device users").

For the purposes of the by-law, five different vehicle classes have been identified. Building upon the definitions originally proposed in the Toll Rate Regulatory Framework, these include:

- **"Car"** – means a private Motor Vehicle primarily designed to carry not more than 15 passengers and includes a taxi, a station wagon, a passenger van, a sport utility vehicle, a hearse, an agricultural tractor and a pick-up truck

- **"Small truck"** – includes the following: a Car towing a trailer (as defined in the Motor Vehicle Act), a light duty delivery van or truck, a dump truck, a cement truck, a tractor or single unit truck without a trailer, a moving van, a motor home, a school bus, an intercity bus or coach, a tour bus and a transit bus that is not an Exempt Motor Vehicle;

- **"Large truck"** – means a Motor Vehicle consisting of an articulated truck or tractor trailer combination;

- **"Motorcycle"** – means a Motor Vehicle that runs on 2 or 3 wheels and has a saddle or seat for the driver to sit astride.

- **"Exempt motor vehicle"** – means: an ambulance, a fire truck or other fire department emergency vehicle, a police vehicle, including a vehicle owned or operated by a law enforcement agency of Canada or the Province of British Columbia, a vehicle operated by or on behalf of the Department of National Defence, the Canadian Forces or a visiting force, a transit bus owned or operated by or on behalf of the Authority or a subsidiary, and a Motor Vehicle owned or operated by or on behalf of the Authority or a subsidiary, used for transit supervision, maintenance or mechanical support.

These definitions will be further refined once the billing organization is selected and more specific classifications can be developed based on the vehicle identification capabilities of the tolling system.

Capturing the costs associated with toll devices

As recommended in the Toll Rate Regulatory Framework, the capital costs associated with the toll devices will be borne by the users. Users who elect to utilize a toll device will be subject to the following charges[1]:

- A **"security deposit"** of $10.00 (2003 dollars) will be collected when an account is initially established and a toll device is acquired. This non-interest bearing

[1] As highlighted, both the security deposit and leasing charge are displayed in 2003 dollars – each will be adjusted for inflation in a manner similar to that described (later in this report) for the adjusting the base toll charges.

security deposit will be refunded to users when an account is closed and the toll device is returned.

- A **"leasing charge"** of $1.00 (2003 dollars) will be charged to the user's account each month. With a typical lifespan of between four and six years, the leasing charge will serve to cover the capital costs associated with toll devices.

While suggested by some throughout the public consultation process, transponders will not be offered for sale to users. This will provide TransLink (or its designate, the billing organization) with much greater flexibility in responding to changes in technology and reduce the administrative burden that would be associated with managing a combined approach of both "leasing" and "selling" the toll devices. Moreover, this approach is consistent with that employed by most jurisdictions that currently manage fully electronic toll collection systems.

Toll grace period

To encourage initial utilization, to provide users with an opportunity to try the new facility, and to allow sufficient time to test the tolling technology with live traffic, no tolls will be charged for traveling the facility for a period of time after the traffic availability date ("grace period"). TransLink will begin levying tolls subsequent to the "grace period" – which is anticipated and has been planned for 30 days but has been specified in the bylaw as being no longer than 180 days.

Initial tolls for the GEB

Users will pay a point toll for crossing the bridge. Subsequent to the grace period, the initial tolls for each vehicle classification are highlighted in the table below.

Type of Vehicle[2]	Toll-Device User (2003$)	Pre-paid Non-Toll Device User (2003$)	Non-Toll Device User (2003$)
Cars	$2.50	$3.00	$3.50
Small trucks	$5.00	$5.50	$6.00
Large trucks	$7.50	$8.00	$8.50
Motorcycles	$1.25	$1.75	$2.25

[2] By definition, exempt vehicles are not required to pay a toll and as a result, are not included in the table.

As highlighted in the original Toll Rate Regulatory Framework, these rates are provided in constant 2003 dollars and will be adjusted to reflect inflation, rounded to the nearest nickel, when the GEB is opened. The basis for determining the toll rates for small trucks, large trucks, and motorcycles is a factor of the toll rate for cars with a toll device. Specifically, small trucks with a toll device will be charged 2 times the car rate for a toll device user, large trucks will be charged 3 times the car rate for a toll device user, and motorcycles will be charged 0.5 times the car rate for a toll device user.

Users who travel the GEB without a toll device will be charged a differential toll rate to offset the additional cost of: employing video recognition technology; the annual depreciation charge of the video technology; and the annual operating costs associated with running the video system (e.g. additional staffing for call centre and manual video matching, additional space, etc). The annual operating costs for the system also includes the cost of recovering the debt and the lost revenue (or leakage) typically associated with non-toll device users. The $1.00 differential (in 2003 dollars) is based on current estimates of the anticipated traffic and revenue for the GEB.

The by-law incorporates the arithmetic formula required to adjust the toll rates (highlighted in the table above) for inflation between the initiation of the planning period and the date at traffic commences. For example, if the GEB opens in 2008 and inflation between 2003 and 2008 averages 2.5% per year, the toll rate for a car equipped with a toll device will be $2.85. Examples of the toll charge for other types of vehicles, adjusted for inflation, were provided in the Toll Rate Regulatory Framework. Also note that payments to the Design, Build, Finance, and Operate ("DBFO") Contractor are indexed to inflation in a similar manner.

In this context, three minor modifications have been made to what was originally proposed in the Toll Rate Regulatory Framework:

- In light of the toll grace period as well as the anticipated approach to compensating DBFO Contractor, the first change to the initial tolls will be linked to the first payment to the DBFO Contractor. This will enable TransLink to subsequently adjust the toll rates at the same time each year that changes are made to the DBFO Contractor payment – avoiding a time lag between the increased payment amount (as a result of inflation) and the corresponding inflation adjusted increase in revenues.

- Based in part on the feedback received from stakeholders and the general public, a new rate class has been introduced. Users who do not have a toll device may elect to pay for their trip in advance – establishing a temporary account with a positive balance (or by providing a valid credit card) that identifies the license plate of the vehicle that will be using the facility in the future. In this manner, occasional and/or out-of-province users will be afforded the opportunity to use the

facility without incurring the full non-toll device differential charge. Simultaneously, this allows TransLink to recoup the incremental cost associated with administering these transactions – that is, the cost of employing the video recognition technology to capture the image of the users' license plate.

- Large trucks will be allowed to travel the facility without the use of a transponder. Unlike other jurisdictions, TransLink does not have the legal authority to restrict access to the facility for vehicles over a given size (or weight) to only those which are equipped with a toll device. Moreover, enforcement of such an approach would likely prove to be cost prohibitive. As a result, and in response to stakeholder feedback, large trucks without a transponder may use the facility and will be charged a differential toll rate.

Future changes in the toll rate

Once the tolls are initially established subsequent to the grace period, the by-law further articulates the methodology for implementing changes to the toll rates in successive years. As discussed above, annual adjustments to the toll rates are necessary as payments to DBFO Contractor are also adjusted at the same annual rate of inflation.

Modifications to the toll rates beyond the scope of this prescribed approach will require changes to the by-law and as a result, will be subject to GVRD ratification and public consultation.

Approach to collecting revenue

TransLink, or the billing organization, will be responsible for collecting amounts owed on outstanding accounts. Each billing cycle (where there may be multiple billing cycles for a given month), a user's utilization of the GEB will be itemized by transaction on a monthly invoice. The invoice will be delivered to the user's "best recent address" – which may be one of the following:

- For those who have established an account, the most recent billing address provided by the user to TransLink (or its designate, the billing organization).

- For those who have not established an account, the most recent mailing address for the registered owner of the vehicle that used the facility. TransLink (or its designate, the billing organization) may access this information from the records of the Insurance Corporation of BC ("ICBC") for BC residents or, where possible, from a similar organization in another jurisdiction for "out-of-province" users.

In particular, the invoice will contain the following information:

- The individual to whom the invoice is addressed.

- The date and time for each transaction during the billing cycle.
- The toll charge associated with each transaction.
- Other toll related charges.
- Any accumulated unpaid toll debt and the associated interest charges.
- The due date for making a payment.
- Information relating to the dispute resolution and appeals process (described in more detail below).
- Any other information deemed relevant by TransLink.

Payment for the outstanding toll debt (which includes all outstanding toll charges, accumulated interest, and any other charges), will be expected within 30 days of receiving the invoice; users will be afforded multiple methods for making payments. Interest will begin accruing on any outstanding toll debt on the 31st day after the invoice is received at a rate to be determined by resolution of the Board (but currently to be envisioned to be 2% per month, which is consistent with the rate of other service providers in BC). Partial payments will be accepted and will be applied to the oldest toll debt first.

A key element of TransLink's approach to collecting toll revenue relates to leveraging ICBC's ability to "refuse to issue" ("RTI") a user's driver's licence and/or vehicle licence, number plate, or other permit. Considered a measure of last resort only, RTI may be imposed by TransLink via ICBC when a user has accumulated an Excessive Toll Debt – which for the purposes of GEB, has been defined as $25. In particular, the by-law articulates that if payment has not been made in full within 150 days of the date of the first toll invoice, and the outstanding toll debt which has accumulated is greater than $25, TransLink (or its designate, the billing organization), may elect to:

- Cancel the user's account without refunding any charge or deposit if a toll device has been issued.
- Exercise the rights and remedies available under section 26(1)(f) and section 26(2)(d) of the *Motor Vehicle Act of British Columbia* and instruct ICBC to RTI the user's vehicle license registration until such time as the outstanding toll debt is paid in full (or alternatively, when a mutually agreeable approach to payment has been structured between the user and TransLink).

Moreover, once a GEB user has been subjected to RTI by TransLink, the timeframe for initiating RTI for a first repeat offence (that is, a subsequent toll debt of $25 or more) will

be reduced from 150 days to 120 days (after the first invoice was rendered). RTI may be initiated within 90 days of issuing the first invoice for all subsequent repeat offences.

Within this broad context, the specific policies and procedures required to support TransLink's revenue collection efforts will be further defined for the purposes of developing performance requirements for the billing organization RFP. Moreover, it is expected that these operational details will be further refined as TransLink develops a track record of managing (via the billing organization) the collection process of toll related revenues for the GEB. The by-law is intended to provide the framework to guide these initial efforts, allowing for further refinement of the day-to-day collection activities with the benefit of operational experience.

Managing disputes and appeals

At any point up to TransLink's (or it's designate, the billing organization's) decision to initiate RTI, a user may elect to dispute some, or all, of the accumulated toll debt. Specifically, a user may dispute a toll charge for the following reasons:

- A toll charge was attributed to a user with a toll device on a date and at a time when the toll device was not in a motor vehicle on the facility.
- A toll charge was attributed to a user without a toll device on a date and at a time when the license plate issued to the user was not on a vehicle using the facility.
- A toll charge was attributed to a user, either with or without a toll device, on a date and at a time when either the toll device or the vehicle was reported stolen.

TransLink (or its designate, the billing organization) will develop a fair and impartial administrative review procedure for users who elect to dispute toll charge(s). While the operational specifics are to be determined, the dispute resolution process will entail the following key features:

- TransLink will respond within 30 days of a dispute being filed in writing by a user.
- TransLink may elect to waive all, or part, of the disputed toll debt.
- Within 30 days of receiving a written notice of the dispute outcome, a user may request that TransLink reconsider the decision if: new information has become available; or the determination was predicated on evidence that was incorrect or false.
- If a second dispute is filed by the user, TransLink will respond in writing within 30 days.

Moreover, subsequent to decision for either the first or second dispute, a user may appeal the outcome to an arbitrator – an individual who is deemed to be independent of TransLink and the billing organization. The arbitrator will render a decision within 45 days of appointment; all decisions will be final and binding. While the costs associated with arbitration will likely be borne by TransLink (subject to the arbitrator's decision) users will be required to pay a $30 appeal fee – refundable at the arbitrator's discretion.

Interest will continue to accrue on all outstanding toll debt throughout the dispute resolution and appeals process. A user will be expected to pay all outstanding toll debts within 30 days of a decision – from either the dispute or appeals process. If payment is not made within this timeframe, TransLink will have the option of initiating RTI procedures.

Next Steps

Once the proposed by-law for assessing tolls for GEB is approved in principle, a number of other related project activities may continue – including:

- Finalizing the by-law for approval by the GVTA Board of Directors.
- Sending the GVTA approved by-law to the GVRD Board of Directors for ratification.
- Finalizing a Memorandum of Understanding between TransLink and ICBC confirming the nature and scope of ICBC's involvement with GEB tolling.
- Proceeding with the procurement process for a third party billing organization – allowing for greater refinement of the tolling related costs highlighted throughout the proposed by-law.

CONCLUSION

Based on the above discussion, it is recommended that the GVTA Board of Directors approve, in principle, the by-law for assessing tolls on the Golden Ears Bridge.